

Do You Have a Tenant-Occupied Property? Here's Some Advice for Selling It

In today's market, many owners of tenant occupied properties are enjoying higher than ever rental income. That's great news if you are a professional landlord.

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

However, many landlords own just one or two properties. As time goes by, owning and maintaining a rental may no longer meet one's financial needs or lifestyle.

Aside from the fact that Colorado property values have gone through the roof, there are other reasons that it may make sense to sell your rental property. Perhaps you found an opportunity in another property that makes your current rental property ripe for a tax-deferred 1031 exchange. Or maybe your rental was inherited and being a landlord is something you didn't expect and don't want. Or maybe you're approaching retirement and looking to ease up on responsibilities, including those of a landlord.

These are just a few reasons that owners of tenant-occupied properties may want to reassess their portfolio in relation to their current circumstances.

Reviewing your rental agreements would be the best first step before moving forward. Tenants have rights which may or may not affect your immediate plans. In reviewing your agreement you should be able to determine your options and map out a timeline for what you need to do and when.

Colorado has two types of leases. "Periodic Tenancy" (usually referred to as "month-to-month") is a rental agreement for a one-month period that is renewed automatically each month until terminated by either party. Proper notice for both landlord and tenant must be written and received by the other party at least ten days before the last day of the rental month. However, a written month-to-month lease may specify a longer notice period — for example, 30 or 60 days before the end of the lease term.

If a lease is for a period of time with a definite ending date (usually specified in years), it is a "Term Tenancy" or "Definite Term" lease. When the lease expires, the tenant must either renegotiate a new lease or stay on as a month-to-month tenant, but only with the landlord's express consent. Neither the landlord nor the tenant needs to give notice of termination at the end of a term lease unless the lease requires such notice.

If you have decided that the time is right to sell your rental property it may be in your best financial interest just to hang on and wait for the lease to expire or terminate the rental agreement as allowed by state law.

Denver metro area property values are still appreciating, so your equity is increasing as you wait it out. Also, having the opportunity to inspect, repair, repaint and freshen up your property before listing it for sale should pay dividends. This can reduce the stigma of buying a former rental. If you list your property with Golden Real Estate, not only will you receive a free staging consultation to make your property show its

best, you also get free use of our moving truck. The overall advantage is that you should expect to get more for the property than if it was still tenant occupied. Also, more buyers could view the vacant property, increasing the possibility of competitive bidding.

The other approach would be to enlist the help of the tenants through enticements and bonuses for their willing participation in helping you sell your property faster and possibly avoiding any loss of potential equity. Certain previously mentioned scenarios may call for speeding up the date you need to sell, including pursuit of a desired 1031 exchange opportunity. Selling the property might also put you in a position to purchase a home you like that just came on the market.

Gaining the cooperation of the current tenant is critical when putting a rental property on the market. First, I arrange to meet with the tenant and find out if they want to stay, while also assessing how they maintain the unit. They are likely concerned about whether

the home will be sold to an owner-occupant and they'd be forced to move. If they want to stay, I tell them we have priced the home with the intention of getting multiple offers, and I'll do my best to have the winning bidder be an investor who likes the idea of a tenant in place. I also offer free use of our moving truck if they do have to (or want to) move. Hopefully these promises inspire them to be cooperative during what we anticipate will be a short listing and showing period. Our intention is to make it a win-win situation for the seller, the buyer and the tenant.

Andrew Lesko, a broker associate at Golden Real Estate, assisted me with the writing of this article. You can reach Andrew at (720) 550-2064 or by email at Andrew@GoldenRealEstate.com. He's our condo and townhome specialist. Andrew created a terrific website detailing 30-plus condo and townhome communities in the greater Golden area. Check it out at www.GoldenLifestyleProperties.com

Price Reduced on 2.3-Acre Golden Horse Property

This home at **17130 W. 53rd Ave.** sits on the eastern slope of North Table Mountain, a couple miles from downtown Golden and with views of downtown Denver. It's a working horse property with a 36'x40' horse barn (5 stalls plus tack room), fenced yards and pasture, three outside paddocks and a round pen. It is zoned A-2, which allows for unlimited horses, although you could, of course, just buy this 5-bedroom, 3-bath, 4,204-SF home for its great location and finishes, which include 10 skylights, Talavera tiles, and Italian ceramic tile floors, plus a finished walk-out basement. It's on public water but has its own septic system. Enjoy country life only 20 minutes from downtown Denver, with easy access to light rail and I-70. Extensive mountain bike trails are right out your door, and the lower trail along an irrigation ditch is perfect for hikes and horseback riding. Not into horses? The barn with its concrete floor could be converted to a great second garage. Video tour at www.JeffcoHorseProperties.com. Open Sat., 1-3 pm.



Just Listed: 1901 Home in Historic Downtown Golden

This home at **1418 Ford Street** is in the East Street Historic District and has some history of its own. Just climb down the narrow stairs to its cellar and admire its brick and stone foundation! The lot extends from Ford Street to Jackson Street, across the running stream called Kinney Run, which is mostly under Jackson Street except for this one block. (A portion of this lot is in the flood plain.) Whether you love restoring historic homes or feel the location is more suitable for development, visit this home's custom website at www.HistoricGoldenHome.com, where you'll find interior pictures plus a narrated video tour including aerial drone footage showing downtown Golden, Lookout Mountain, North & South Table Mountain, and more.



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